APPENDIX A

(Defendant's Exhibit 7-A)

AGREEMENT

WHEREAS there are now pending before the United States Board of Tax Appeals (Docket Nos. 49702, 49703, 49704 and 71413) and the Bureau of Internal Revenue certain questions affecting the liabilities of Pierce Oil Corporation, Pierce Pipe Line Company and Pierce Navigation Company, as taxpayers, and Pierce Petroleum Corporation, as transferee, (hereinafter sometimes called taxpayers) for taxes, interest and penalities for the years 1918, 1919, 1920 and years prior thereto, and

WHEREAS the Pierce Oil Corporation on March 31, 1936, submitted in writing, in behalf of itself and the remaining taxpayers, an offer of settlement (later orally modified) relating to deficiencies, overassessments and interest for 1918, 1919, 1920 and years prior thereto, and an offer in compromise of liabilities for punitive interest and penalties respecting delinquency in payment of the original assessment for the taxable year 1920, which offers are now under consideration by the Commissioner of Internal Revenue (hereinafter sometimes called Commissioner), NOW THEREFORE:

It is hereby stipulated and agreed by and between these taxpayers and the Commissioner that upon acceptance by the Commissioner of taxpayers' offer to pay in full settlement of all liabilities for deficiencies (and interest thereon up to and including April 30, 1936) for the years 1918, 1919 and 1920 the sum of $2,035,721.77, plus relinquishment by taxpayers of all rights and claims to overassessments for years prior thereto (which acceptance is evidenced by the execution of this Agreement by or on behalf of the Commissioner), and upon acceptance by the Commissioner of taxpayers' offer to pay the sum of $27,819.20 in full compromise of all liabilities for said punitive interest and penalties respecting delinquency in payment of the 1920 assessment referred to above (which acceptance is evidence by

the execution of this Agreement by or on behalf of the Commissioner), the taxpayers shall pay said sums to the Collector of Internal Revenue, Second New York District, and such sums shall be accepted by the Collector in full and complete settlement and compromise of all liabilities and claims against them as taxpayers or as transferees under said Docket Nos. 49702, 49703, 49704 and 71413, and of said liability for punitive interest and penalty on the original assessment for 1920, more fully described in paragraph 3 of this Agreement; and upon payment of said sums to the Collector by the taxpayers the following acts and things shall be done immediately and the following agreements shall become effective and binding:

1. The parties shall stipulate to the United States Board of Tax Appeals (hereinafter sometimes called the Board) in Docket Nos. 49702, 49703 and 49704 that the deficiencies therein involved are due entirely from Pierce Oil Corporation and are in amounts as follows:

Years	*Deficiency*
1918	$450,314.84
1919	517,637.97
1920	95,117.32

Final orders shall be entered therein by the Board to that effect.

2. Appropriate notice of the Board's final orders fixing the deficiencies as above set out, together with proper notices or certificates of overassessment to reduce the jeopardy assessments presently outstanding against these taxpayers to the final liabilities as set out in paragraph 1 above, and to eliminate the jeopardy assessments presently outstanding against Pierce Petroleum Corporation as transferee under Docket No. 71413, shall be give promptly by the Commissioner to the Collector, who thereupon shall issue promptly notice and demand respecting said final deficiencies, adding thereto interest thereon, calculated up to and including April 30, 1936 (so that said final deficiencies and said interest thereon, if payment is made on or before

April 30, 1936, shall total the stipulated sum of $2,035,721.77) as follows:

On Deficiency for	*Interest*
1918	$412,013.72
1919	473,610.73
1920	87,027.19

3. Following entry of final orders by the Board as aforesaid the Commissioner may take such action as may be necessary to cancel any and all overassessments to taxpayers' benefit of tax liabilities for years prior to 1918, particularly the overassessments set out in the deficiency notice of June 3, 1930 (copy of which is attached to the petition in Docket No. 49702) since taxpayers, as a part of their ter of settlement, agree to (and do hereby) withdraw, waive and relinquish any right to overassessment, refund or credit on account of any overpayment of any tax liability for any year prior to 1918.

4. The parties will agree that there is no tax due to the United States Government from the petitioner in Docket No. 71413 for the years 1918, 1919 and 1920, or any of them, and that simultaneously with the action outlined in paragraph 1 above, the parties shall stipulate to the United States Board of Tax Appeals in Docket No. 71413 that Pierce Petroleum Corporation is not liable at law or in equity as transferee for any tax or other liability of the the other taxpayers named herein, or any of them, and that the Board shall enter a final order to that effect.

5. At the time of giving appropriate notice to the Collector respecting final deficiencies and interest as outlined in paragraph 2 above, the Commissioner shall also give appropriate notice to said Collector of his acceptance of taxpayers' offer in compromise of assessments for punitive interest and penalty now outstanding, and shall direct said Collector to receive payment from taxpayers of the sum of $27,819.20 in full and complete settlement and compromise of the outstanding claims of the Bureau for such unpaid punitive interest and penalty (totaling $180,900.44) on the original tax assessment for 1920.

6. Since substantially all the property of Pierce Oil Corporation is now deposited in escrow to secure the payment of the liabilities which are the subject of this stipulation, it is necessary that said Pierce Oil Corporation avail itself of such property in order that it may by sale, pledge or other disposition thereof raise funds by which to make the payments specified above. To that end the Commissioner shall issue appropriate instructions to the Collector and to the escrow agents, instructing and authorizing them to co-operate with the taxpayers as fully as is consistent with due protection of the Government's rights under the present escrow agreement with a view to enabling the taxpayers to obtain the money to pay said sums; and to provide for the release and delivery to taxpayers' representatives of all of said property simultaneously with and upon the payment to said Collector by taxpayers of the amounts of $2,035,721.77 and $27,819.20, above mentioned. The Commissioner shall also instruct said Collector and said escrow agents that upon payment by taxpayers as aforesaid, the bond heretofore filed by Pierce Oil Corporation under date of May 17, 1934, in the sum of $5,000,000.00 shall be discharged and canceled and said escrow agreement relating thereto shall likewise be fully discharged, canceled and terminated, and that they shall deliver to taxpayers proper release or other evidence of said discharge and cancelation.

7. For the same reasons mentioned in paragraph 6 above, it is necessary that the property of Pierce Petroleum Corporation deposited in escrow agreement under date of May 17, 1934 in connection with bond given that date in the amount of $5,000,000.00 be made available to taxpayers for the purpose of raising funds by which to make the said payments. To that end, the Commissioner shall instruct and authorize the Collector and (through him) the escrow agents to release to taxpayers' representatives upon payment by them of the said amounts of $2,035,721.77 and $27,819.20 all of the property of the Pierce Petroleum Corporation now deposited in escrow as aforesaid except 60,000 shares of the capital stock of Consolidated Oil Corporation.

8. The Commissioner shall authorize the Collector to cancel and release the present bond and to accept from the Pierce Petroleum Corporation in lieu thereof a new bond in the penal sum of $6,000,000.00 conditioned upon substantially the same terms as the bond now in effect and referred to herein and in paragraph 7 above, except that said new bond shall not include within its terms any provision as to transferee or other liability under Docket No. 71413, but shall be conditioned upon payment by Pierce Petroleum Corporation of its liabilities as a taxpayer for the years 1927, 1928, 1929 and the period January 1 to June 30, 1930 under Docket No. 71414, as more particularly described in the present bond. The 60,000 shares of Consolidated Oil stock to be retained by the Collector and the escrow agents, as mentioned in paragraph 7 above, shall thereupon be deposited in escrow in connection with the new bond just mentioned upon terms substantially the same as those of the present escrow agreement, excepting therefrom, however, any reference to said transferee liability.

9. It is further agreed that as a part of this settlement and compromise, both parties waive and relinquish all rights to appeal from the decisions of the United States Board of Tax Appeals in Docket Nos. 49702, 49703, 49704 and 71413, stipulated hereunder to be entered therein. This waiver of appeal does not apply to any future decision of the Board of Tax Appeals in Docket No. 71414 respecting the liability of Pierce Petroleum Corporation as taxpayer for the years 1927, 1928, 1929 and the period January 1 to June 30, 1930.

10. It is further agreed that unless and until this stipulation is accepted and executed by or on behalf of all parties hereto, it shall be of no effect for any purpose, and will not be admissible in evidence and will not be used in any manner for the purpose of influencing any tribunal in any trial or appeal in connection with any of the transactions, litigations, or proceedings which are made the subject of this stipulation, or referred to herein.

11. The Commissioner, the Collector, and other appropriate officers of the Bureau will co-operate fully with taxpayers in the matter of making release and delivery of the

collateral now deposited in escrow as security under the present bonds hereinabove mentioned simultaneously with payment by taxpayers of the sums herein stipulated to be paid, and in the manner of expediting the entry of orders, the forwarding of certificates of overassessment or other necessary instructions to the end that the Collector's books may be cleared of all charges now outstanding against taxpayers for the years 1918, 1919 and 1920 and the provisions of this stipulation carried out as promptly as possible.

12. Nothing contained in this stipulation is to conclude or determine any rights or liabilities of Pierce Oil Corporation and Pierce Petroleum Corporation as between themselves or each other.

EUGENE UNTERMYER,
Attorney for Pierce Oil Corporation, Pierce Petroleum Corporation, Pierce Pipe Line Company, and Pierce Navigation Company.

GUY T. HELVERING,
Commissioner of Internal Revenue.

HERMAN OLIPHANT,
General Counsel for the Department of the Treasury.

Dated: April 28, 1936.